

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 SSM-03 EA-07 AID-05 CIAE-00 COME-00  
EB-08 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02  
OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05  
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H-01 L-03 PA-01 PRS-01 /121 W  
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R 141321Z FEB 77

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 1 06

INFO AMEMBASSY ABU DHABI

AMEMBASSY BONN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

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E.O. 11652: NA

TAGS: USEGCI EAID EFIN

SUBJ: ASSISTANCE TO EGYPT: MINECON'S ENCOURAGING WORDS

1. ALL PAPERS FEBRUARY 14 FRONTPAGE, TWO WITH BANNER HEADLINES, PRESENTATION PREVIOUS DAY TO PEOPLES ASSEMBLY ECONOMIC COMMITTEE BY MINECON EL SAYEH ON CURRENT ECONOMIC SITUATION, WITH HEAVY EMPHASIS ON ASSISTANCE THAT IS TO BE RECEIVED. WHILE THE SPECIFIC NUMBERS THAT ARE QUOTED MAY NOT BE ENTIRELY ACCURATE, THEY ARE INCLUDED IN THIS MESSAGE AS INDICATIONS OF WHAT GOE IS TELLING THE PEOPLE.

2. IBRD. EL SAYEH SAID THAT FRIENDLY COUNTRIES AND INTERNATIONAL ORGANIZATIONS WILL MEET UNDER THE WORLD BANK IN APRIL (SIC) TO COORDINATE THEIR ASSISTANCE IN  
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FINANCING DEVELOPMENT PROJECTS AS WELL AS PROVIDING CASH AID. EGYPT HAS THUS FAR OBTAINED \$600 MILLION FROM THE IBRD FOR VARIOUS PROJECTS, OF WHICH \$200 MILLION HAS BEEN SPENT, AND WILL GET ANOTHER \$250 MILLION THIS YEAR.

3. IMF. GUNTER OF THE FUND WILL RETURN TO CCAIRO ON

FEB. 22, TO PUT INTO FINAL FROM THE AGREEMENT WITH THE IMF THAT IS INTENDED TO ACHIEVE ECONOMIC STABILITY IN EGYPT. THE FUND WILL PROVIDE \$156 MILLION TO CUT THE PAYMENTS DEFICIT THIS YEAR, UNDER THE AGREEMENT, WHICH WILL ALSO LAY THE GROUNDWORK FOR A THREE-YEAR ACCORD UNDER WHICH AN ADDITIONAL \$450 MILLION WILL BE RECEIVED.

4. ARABS. EL SAYEH REPORTED THAT CONTACTS HAVE ALREADY BEGUN WITH ARAB STATES, IN ORDER TO EXPLAIN THE CIRCUMSTANCES FACING EGYPT. GREATER UNDERSTANDING OF THE PROBLEM SHOULD ENCOURAGE THEM TO OFFER SUITABLE ASSISTANCE AT THIS DIFFICULT TIME IN EGYPTIAN HISTORY. HE SAID THAT DIRECT AID RECEIVED FROM THE ARABS SINCE KHARTOUM AGREEMENT IN 1967 TOTALS LE 1.9 BILLION, PLUS LOANS OF LE 404 MILLION. TOTAL ARAB AID IN THE FIRST NINE MONTHS OF 1976 WAS LE 206 MILLION (LE 352 MILLION IN SAME PERIOD OF 1975).

5. US. AMERICA'S "EMERGENCY AID" PACKAGE OF \$500 MILLION WAS ALSO STRESSED AS A SIGNIFICANT INDICATION OF SUPPORT BEING GIVEN TO EGYPT AT A TIME OF CRITICAL NEED.

6. COMMENT. IT IS DIFFICULT TO TELL HOW ASSEMBLY OR GENERAL POPULACE REACT TO THIS TYPE OF PRESENTATION. THEY HAVE BECOME ACCUSTOMED TO VAST AMOUNTS OF ASSISTANCE BEING MENTIONED IN THE PRESS ON AN ALMOST CONSTANT BASIS OVER PAST THREE YEARS, AND IF THEY BELIEVE THE FIGURES CAN ONLY WONDER WHERE IT HAS GONE. THE NATURE AND LIMITED OFFICIAL USE

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MAGNITUDE OF EGYPT'S PROBLEMS MAKE IT DIFFICULT FOR ASSISTANCE TO BE SEEN, IN THE SHORT RUN, SINCE IT GENERALLY IS REFLECTED IN THE CONTINUED AVAILABILITY OF COMMODITIES. A GOOD PART OF EL SAYEH'S DATA IS REASONABLY ACCURATE, AS FAR AS IT GOES, AND REFLECTS - IF NOTHING ELSE - THE FACT THAT EGYPT'S NEEDS ARE LARGE.

7. ALL SOURCES SEEM TO AGREE THAT THE ARABS, LEAD BY SAUDI ARABIA, WILL UNDERTAKE A COORDINATED RESCUE OPERATION IN THE NEAR FUTURE, AN IMF ACCORD STILL SEEMS POSSIBLE, AND THE BANK' SCONSULTATIVE GROUP MEETING IS STILL ON. EGYPTIANS MAY THEREFORE HAVE SOME JUSTIFICATION FOR THEIR OPTIMISM. MINECON U/S EL NAZZER, WHO ACCOMPANIED EL SAYEH TO ASSEMBLY, TOLD ECONCOUN JUST BEFORE THE SESSION THAT GOE HAS VERY HIGH HOPES 1977 WILL SEE A MAJOR STEP IN FINALLY DEALING WITH PROBLEMS FACING THE ECONOMY: LOSTS OF MONEY. HE MAY BE RIGHT, SINCE SAUDIS APPEAR TO BE RELATIVELY

CONCERNED.  
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## Message Attributes

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